



State of Arizona

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FOR IMMEDIATE RELEASE
October 13, 2009

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Governor Jan Brewer Warns EPA of New Regs' Impact to Central Arizona Project, Arizona's Jobs & Economic Future

Calls on Feds to Balance Economic Consequences with Need for Visibility Protection

PHOENIX – Arizona Governor Jan Brewer has strongly urged the United States Environmental Protection Agency to consider likely long-term job and water delivery impacts as it determines new federal rules that threaten the source of power for the Central Arizona Project (CAP). The decision to proceed with the costly new rules could create severe economic impact to communities served by CAP and the Navajo Generating Station (NGS).

The new federal rules under consideration by the EPA threaten to close the Navajo Generating Station in northern Arizona, subsequently impacting jobs and water costs for businesses, governments, and citizens throughout Arizona. NGS employs 545 full-time employees, and was constructed to generate electricity to power the operations of the CAP. As the U.S. Congress intended, the Colorado River water delivered by the CAP provides a renewable surface water supply to roughly 80% of Arizona's water users and taxpayers. The use of CAP water has substantially reduced the demands on Arizona's limited groundwater resources. 45% of water usage in the City of Phoenix is met by CAP water, and by 2020 approximately 80% of the City of Tucson's water demand will be met by CAP water. The 336 mile-long CAP can deliver 1.5 million acre-feet of Colorado River water per year to Maricopa, Pinal, and Pima counties.

"In these challenging economic times, the federal government should look more carefully at impacts to jobs and sustainable growth so as to avoid impractical or unjustified environmental mandates," Governor Brewer stated. "Proposed federal rules like these that do not adequately account for or consider the costs and benefits can thwart real environmental and energy progress. And while my Administration has demonstrated through action my full commitment to new and important solar and clean energy production and improvements, we must insist that the federal government carefully considers the risks and rewards of these significant new regulations. In this case, EPA can avoid harmful impacts if it relies on more affordable, but environmentally aggressive controls to ensure cleaner air and clearer views."

Although NGS is essentially the sole source of power for the CAP, not all of NGS's power production is utilized by the CAP. Revenues from the sale of surplus NGS power production are currently contributing approximately \$22 million per year to the \$57 million annual repayment obligation for the construction of the CAP. Additionally, since enactment of the Arizona Water Rights Settlement Act of 2004, revenues from surplus NGS power sales are also used to help fund the costs of Indian water rights settlements in Arizona. A projected \$50 million or more per year is expected from NGS to fund CAP repayment and Indian Water Rights Settlements.

In addition to the costly ramifications across Arizona, the proposed federal rules could have a particularly harmful impact on the Hopi Tribe and the Navajo Nation. Almost 80% of the 545 NGS full-time employees are Navajo, and the Kayenta Mine that provides coal to NGS employs another 422 tribal members. The revenue received by the Hopi Tribe from coal sales account for the bulk of the Tribe's funds for governmental operations.

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